

Annual Report & Financial Accounts 2025

Step into a New
Future

Moving Forward

A Year of Progress



How to navigate this report

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**His Majesty
King Hamad bin Isa
Al Khalifa**

The King of the
Kingdom of Bahrain



**His Royal Highness
Prince Salman bin Hamad
Al Khalifa**

Crown Prince and Prime
Minister of the Kingdom
of Bahrain

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National Hotels
Company (B.S.C)

Annual Report &
Financial Accounts
2025

nhcbahrain.com

Overview

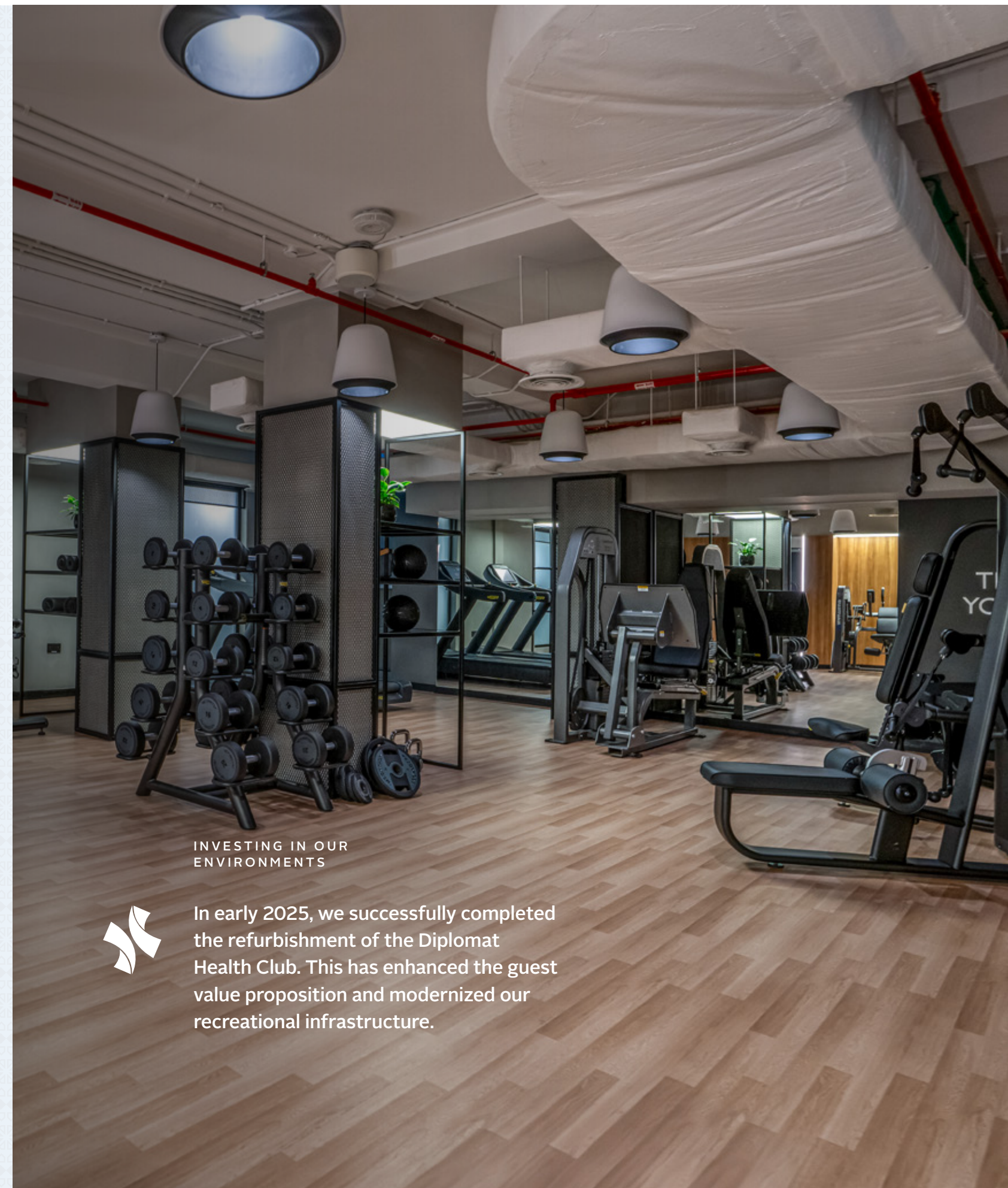
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INVESTING IN OUR ENVIRONMENTS



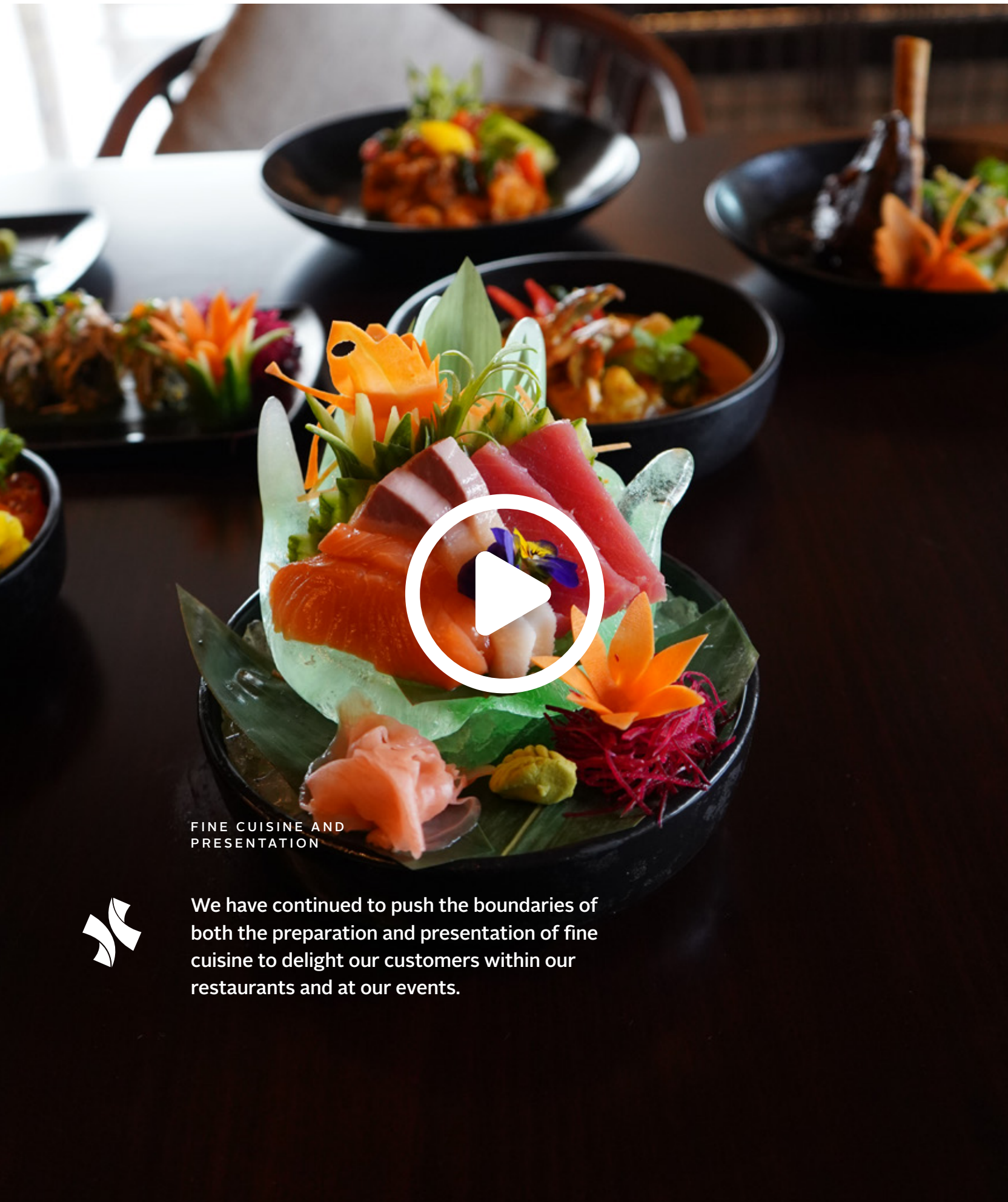
In early 2025, we successfully completed the refurbishment of the Diplomat Health Club. This has enhanced the guest value proposition and modernized our recreational infrastructure.



ENHANCING OUR FACILITIES



The refurbishment was conducted to a very high standard both inside and outside, investing in sauna and plunge pool facilities together with advanced gym equipment



FINE CUISINE AND
PRESENTATION



We have continued to push the boundaries of both the preparation and presentation of fine cuisine to delight our customers within our restaurants and at our events.

Board of Directors' Report

Dear Shareholders, it gives us great pleasure to present to you the Annual Report of your Company for the year ended December 31, 2025.

This financial year had its challenges; continued fierce competition, further increase in operational costs, and the geo-political situation within the world at large and the region in particular.

All of these challenges had led the company's management to take serious measures to control costs whilst striving to improve returns and enhance the quality of service delivered.

And despite all of the operational challenges faced, the company was able to deliver better results to its shareholders in comparison with previous financial periods.

Financial Performance

The following are key financial highlights for the year.

A) The Hoteling Business:

- Total revenue amounted to BD 6.8 million compared with BD 6.6 million in the previous year, an increase of 3%.
- The Gross Operating Profit increased by 6%, reaching BD 2.1 million as compared with BD 2 million in the previous year. The achieved Gross Operating Margin increased to 31%.
- The average hotel occupancy increased to 53% for the year, up from 51% in the previous year.
- The achieved Average Room Rate was BD 61, an increase of BD 3 from the previous year.

B) The Commercial Offices:

- Average office occupancy reached 73% at year-end.
- Total revenues amounted to BD 1.7 million, an increase of 8% from the previous year.
- The Diplomat Commercial Offices Gross Operating Profit increased by 7%, reaching BD 1.3 million as compared with BD 1.2 million in the previous year. The achieved Gross Operating Margin was 77%.

C) Company Overall Performance:

- The Company's Operating Revenues increased by 2%, reaching BD 8.5 million as compared with BD 8.3 million in the previous year. The Gross Operating Profit Margin remained unchanged at 40%.
- Net Profit from operations reached BD 3.1 million, an increase of 2% from the previous year.
- The Earnings per Share stood at 25 fils.
- The Company continues to enjoy a healthy liquidity and solvency.

Key Activities

- The board has approved the Company's Corporate Strategy for the coming 5 years.
- We have successfully completed the comprehensive refurbishment of the Diplomat Health Club in early 2025, enhancing the guest value proposition and modernizing the recreational infrastructure at the property.
- We have successfully completed the comprehensive refurbishment of the Banquet Hall during the Summer months. This investment has proven successful in elevating the aesthetic standards and competitive positioning, reflecting positively on the operational returns during the last quarter of the year.
- We have commenced the construction of a modern multi-storey car park building (the "Diplomat Car Park"), with a targeted completion date of late 2026. This milestone is central to our long-term strategy of further enhancing our property site facilities and capacity.
- We have successfully completed the refurbishment of the Company's new staff accommodation premises, and have moved the team members to the property during the third quarter of the year. This step serves the Company's endeavors to utilize its corporate assets more effectively, thereby enhancing overall returns to its shareholders.

Board of Directors' Report

Continued

The remuneration paid/accrued to the Board Members and Executive management during the year was as follows:

Name	Shareholders	Fixed Remunerations				Variable Remunerations				End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
		Remunerations of the Chairman and BOD ¹	Total allowance for attending Board and Committee Meetings	Others	Total	Remunerations of the Chairman and BOD	Incentive Plans	Others	Total			
Independent Directors:												
Mr. Faisal Ahmed Al Zayani	-	31,500	4,500	-	36,000	-	-	4,297	4,297	-	40,297	1,100
Mr. Abdulrahman Ali Marshad	-	29,500	7,500	-	37,000	-	-	-	-	-	37,000	1,100
Mr. Mishari Zaid Al Khalid	-	29,500	9,000	-	38,500	-	-	-	-	-	38,500	4,400
Non-Executive Directors:												
Mr. Adel Nahaba Hamadeh ²	KIA	31,500	9,000	-	40,500	-	-	-	-	-	40,500	5,500
Mr. Abdulaziz Abdulla Alisa ²	SIO	29,500	7,500	-	37,000	-	-	-	-	-	37,000	1,100
Mr. Shehab Ahmed Haji ²	KIA	29,500	7,500	-	37,000	-	-	-	-	-	37,000	5,500
Mr. Abdullah Al-Nasarallah	KIC	29,500	7,500	-	37,000	-	-	-	-	-	37,000	5,500
Mr. Abdulla Jasim Al Ahmed ²	SIO	29,500	7,500	-	37,000	-	-	-	-	-	37,000	1,100
Mr. Ghazi Q Al Nisf ³	KIC	29,500	6,000	-	35,500	-	-	-	-	-	35,500	4,400
Mr. Emad Tifouni ⁴	KIC	-	1,500	-	1,500	-	-	-	-	-	1,500	1,100
Executive Directors:												
None	-	-	-	-	-	-	-	-	-	-	-	-
Total (Bahraini Dinars)	-	269,500	67,500	-	337,000	-	-	4,297	4,297	-	341,297	30,800

¹ Subject AGM and regulatory approval

² Remuneration is paid to the entity (shareholder) represented by these board members.

³ Appointed board members since March 2025

⁴ Board to membership ceased in March 2025

KIA – Kuwait Investment Authority

SIO – Social Insurance Organization

KIC – Kuwait Investment Company

Executive management	Total Paid Salaries and Allowances	Total paid remuneration (Bonus)	Any other cash/in kind remuneration for 2025	Aggregate amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	269,334	65,843	-	335,177

Corporate Governance

The Company remains committed to prioritizing corporate governance, adhering to the guidelines set by the Ministry of Industry and Commerce, as well as the requirements set forth in the CBB Rule Book and other industry best practices. Our dedication to strong corporate governance is detailed in the Corporate Governance Report included within the Annual Report.

Recommendations to the Shareholders

The Board of Directors, having discussed the audited Financial Statements for the year 2025, hereby submits the following recommendations for endorsement by the Ordinary General Assembly:

- 1) to approve BD 60,000/- for the support of National Institutions and Charity Accounts, already charged as an expense in the Income Statement.
- 2) to approve BD 269,500/- as Directors' Remuneration, already charged as an expense in the Income Statement.
- 3) to transfer the net Profit of BD 3,073,979/- to the Retained Earnings Account.
- 4) to declare and distribute a cash dividend of 15 fils per share, resulting in a total dividend distribution of BD 1.8 million.

Note of Thanks

Finally, we would like to express our sincere thanks and appreciation to His Majesty King Hamad bin Isa Al Khalifa and His Royal Highness the Crown Prince and Prime Minister, Prince Salman bin Hamad Al Khalifa, for their unwavering efforts in driving economic growth and further prosperity for the Kingdom of Bahrain.

We extend our gratitude to all officials at the Government Ministries and Organizations, particularly the Ministry of Industry & Commerce and the Central Bank of Bahrain, for their guidance and support. We also acknowledge the Ministry of Tourism, the Bahrain Tourism & Exhibition Authority and the Economic Development Board for their contribution to enhancing the tourism sector and for their valuable guidance throughout our growth journey.

We are incredibly grateful to our guests and customers for their continued support, and we acknowledge the invaluable insights and guidance provided by our Board members over the years. We would also like to recognize the dedication and hard work of our employees, led by our Chief Executive Officer, and the Executive Managers and staff members of the Diplomat Radisson Blu Hotel, Residence & Spa, and the Diplomat Commercial Offices.

With the Grace of God,



Faisal Ahmed Al Zayani

Chairman



Adel Nahabah Hamadeh

Vice Chairman and Managing Director

Board of Directors & Chief Executive Officer

As per our organisational structure, our leadership team plays a pivotal role. The Board of Directors is accountable to shareholders and stakeholders for sound management and oversight, while Executive Management is responsible for operating the Company in line with Board policies and legal requirements.

Faisal A Al-Zayani

Board Chairman, Chairman - Nomination & Remuneration Committee



Adel N Hamadeh

Vice Chairman & Managing Director



Ghazi Q Al-Nisf

Director



Abdullah S Al-Nasrallah

Director



Zaher M Al-Ajjawi

Chief Executive Officer



Abdulaziz A Alisa

Director, Chairman - Executive Committee



Abdulrahman A Marshad

Director, Chairman - Audit & Corporate Governance Committee



Mishari Z Al-Khalid

Director



Abdulla J Al-Ahmed

Director

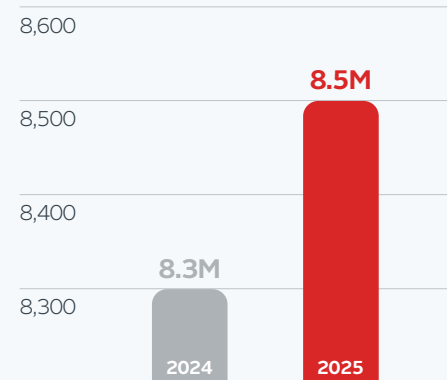


Shehab A Haji

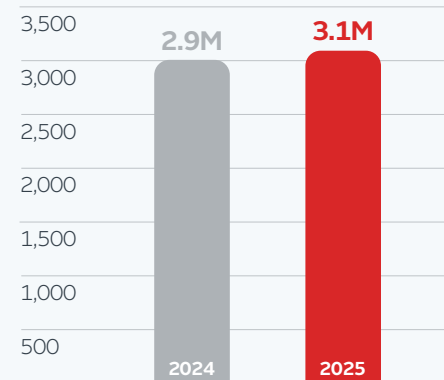
Director



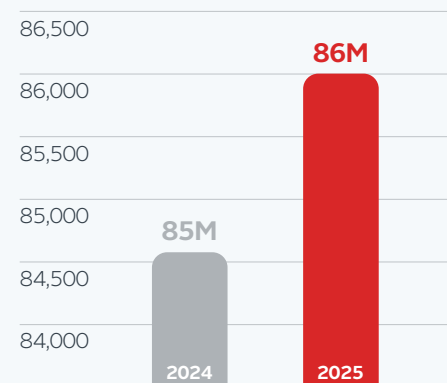
Financial Highlights



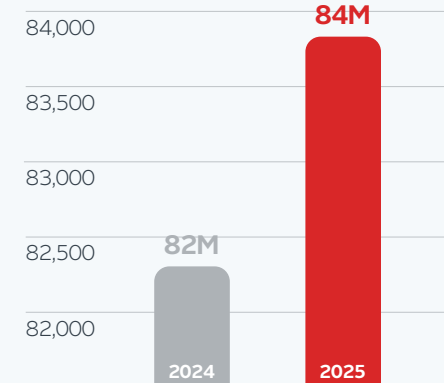
Operating Revenues
(BD x Million)



Net Profit
(BD x Million)



Total Assets
(BD x Million)

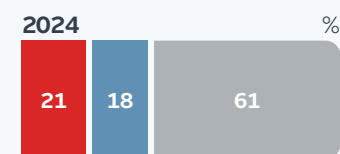
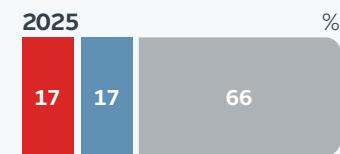


Total Equity
(BD x Million)

2%

Net Profit from operations reached BD 3.1 million, a 2% increase.

Segmental Profit Contribution



- Hotel Business
- Real Estate Properties
- Investments

The Company remains cash positive and enjoys a strong liquidity and solvency.



INCREASING THE DIVERSITY OF OUR EVENTS CALENDAR



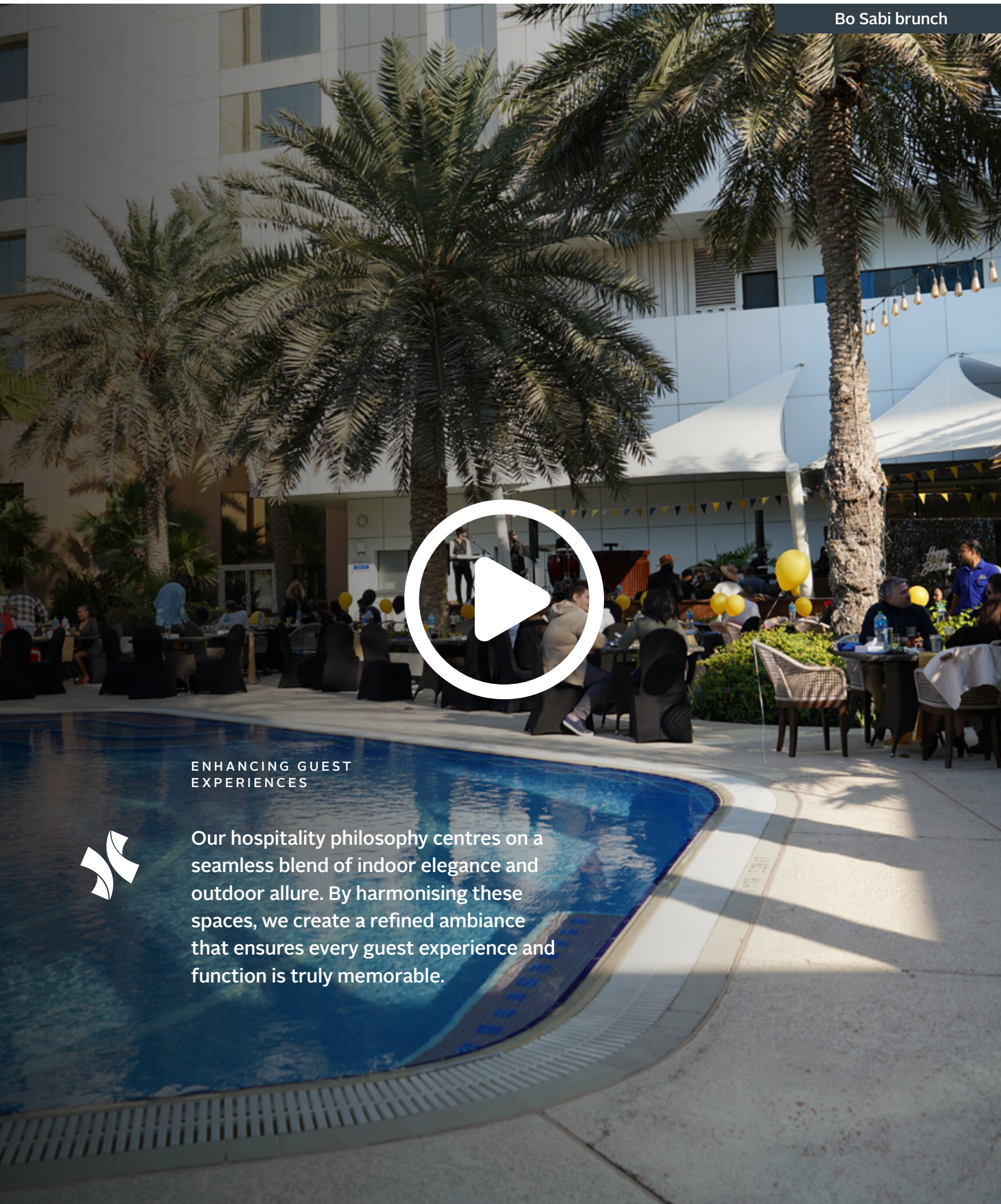
Due to our upgraded facilities we are now able to confidently conceptualise a greater range of events throughout the year and put in place the human resources to do so.



ENTERTAINING OUR GUESTS WITH SPECIAL EVENTS



We increasingly embrace the business of guest entertainment, organising live musicians or entertainers for special functions such as the lighting of our christmas tree.



Bo Sabi brunch

ENHANCING GUEST EXPERIENCES



Our hospitality philosophy centres on a seamless blend of indoor elegance and outdoor allure. By harmonising these spaces, we create a refined ambiance that ensures every guest experience and function is truly memorable.



Careers month



Health Club



Ballroom Opening



Special events



Christmas Tree Lighting

Independent Auditors' Report

to the Shareholders of the National Hotels Company BSC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Hotels Company B.S.C. ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in audit of the financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditors' Report

to the Shareholders of the National Hotels Company BSC (continued)

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Assessments for impairment of property, plant and equipment and investment property

Refer to note 2 for impairment policy, note 3 for estimates and judgements and note 4 on disclosure of property, plant and equipment and note 5 on disclosure of investment property in the financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>At 31 December 2025, the Company held property, plant and equipment and investment property totalling BD 62,961 thousand.</p> <p>Property, plant and equipment and investment property were important to our audit due to the size of the carrying value of the property, plant and equipment and investment property (73% of the total assets as at 31 December 2025) as well as the judgement involved in carrying out impairment assessment.</p> <p>The recoverability of the carrying value of the property, plant and equipment and investment property is, in part, dependent on the Company's ability to generate sufficient future profits. This assessment requires management to make assumptions in the underlying cash flow forecasts in respect of factors such as occupancy rate, room rents, property rents and sales levels of food and beverages, inflation and overall market and economic conditions.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> i) We reviewed the Company's impairment policy to ensure its adherence to requirements of IFRS Accounting Standards; ii) We evaluated the appropriateness of the methodology used by the Company to assess impairment; iii) We agreed the relevant financial and quantitative data used in the impairment model to the latest plans and approved budgets; iv) With the support of our specialist, we: <ul style="list-style-type: none"> - evaluated the appropriateness of the methodology used by the Company to assess impairment; and - evaluated the management assumptions used in cash flow model by the management against the external data including adjustments for risk specific to the Company, in particular discount rates and expected long-term growth rates. v) We assessed whether the financial statement disclosures relating to the key inputs and assumptions for impairment were appropriate.

Other matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 February 2025.

Independent Auditors' Report

to the Shareholders of the National Hotels Company BSC (continued)

Report on the Audit of the Financial Statements (continued)

Other information in the Company's 2025 annual report

Other information consists of the information included in the Company's 2025 Annual Report, other than the financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information. Prior to the date of this auditors' report, we obtained the Report of the Board of Directors which forms part of the annual report, and the remaining sections of the annual report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report

to the Shareholders of the National Hotels Company BSC (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

to the Shareholders of the National Hotels Company BSC (continued)

Report on Other Legal and Regulatory Requirements

We report that:

- a) As required by the Bahrain Commercial Companies Law,
 - i) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
 - ii) the financial information contained in the Report of the Board of Directors is consistent with the financial statements; and
 - iii) satisfactory explanations and information have been provided to us by management in response to all our requests.
- b) we are not aware of any violations of the Bahrain Commercial Companies Law, the Central Bank of Bahrain (CBB) Rule Book (applicable provisions of Volume 6) and CBB directives, regulations and associated resolutions, rules and procedures of the Bahrain Bourse or the terms of the Company's memorandum and articles of association during the year ended 31 December 2025 that might have had a material adverse effect on the business of the Company or on its financial position.
- c) As required by Article 8 of section 2 of Chapter 1 of the Bahrain Corporate Governance Code, we report that the Company:
 - i) has appointed a Corporate Governance Officer; and
 - ii) has a board approved written guidance and procedures for corporate governance.

The Partner in charge of the audit resulting in this independent auditor's report is Kazim Raza Merchant.



Partner's Registration No. 244
12 February 2026
Manama, Kingdom of Bahrain



**NATIONAL HOTELS
COMPANY**

Financial Statements as at
31/12/2025

Statement of Financial Position

As at 31 December 2025

Bahraini Dinars

	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	4	36,242,610	34,217,705
Investment property	5	26,718,337	29,466,999
Investment in an associate	6	6,538,326	6,378,813
Investment securities	7	4,553,138	4,316,618
Total non-current assets		74,052,411	74,380,135
Current assets			
Inventories	8	81,468	68,669
Investment securities	7	1,381,254	1,934,773
Trade receivables and other assets	9	997,164	957,378
Bank balances and cash	10	9,480,742	7,224,797
Total current assets		11,940,628	10,185,617
TOTAL ASSETS		85,993,039	84,565,752
LIABILITIES AND EQUITY			
Non-current liability			
Employees' end of service benefits	14	241,288	257,819
Current liabilities			
Trade and other payables	15	1,912,099	1,993,737
Total liabilities		2,153,387	2,251,556
Equity			
Share capital	11	12,127,500	12,127,500
Statutory reserve	12	6,063,750	6,063,750
General reserve	12	1,087,579	1,087,579
Property revaluation reserve	12	14,418,702	14,418,702
Investments fair value reserve	12	1,660,641	1,392,960
Share of reserves of an associate		96,627	93,946
Retained earnings		48,384,853	47,129,759
Total equity		83,839,652	82,314,196
TOTAL LIABILITIES AND EQUITY		85,993,039	84,565,752



Faisal Ahmed Al Zayani
Chairman



Adel Nahabah Hamadeh
Vice Chairman and Managing Director

The accompanying notes 1 to 26 form part of these financial statements.

365 Days of Progress

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2025

	Note	31 December 2025 BD	31 December 2024 BD
Hotel services revenue	16	6,766,095	6,592,908
Rental revenue		1,724,125	1,704,677
Operating costs	17	(5,104,709)	(4,975,214)
GROSS PROFIT		3,385,511	3,322,371
Share of profit of an associate	6	1,856,832	1,825,052
Dividend income		184,389	166,548
Interest income	18	489,187	457,605
Change in fair value of investments at fair value through profit or loss	7	146,481	115,967
Other income		28,897	14,565
Depreciation of property, plant and equipment	4	(1,543,736)	(1,320,745)
Depreciation of investment property	5	(796,943)	(829,564)
General and administration expenses	19	(676,639)	(752,372)
PROFIT FOR THE YEAR		3,073,979	2,999,427
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	20	25	25
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss in subsequent periods:			
- Net changes in fair value of investments at fair value through other comprehensive income	7	267,681	(190,811)
- Share of other comprehensive income (loss) of an associate	6	2,681	(63,946)
Other comprehensive income (loss) for the year		270,362	(254,757)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,344,341	2,744,670



Faisal Ahmed Al Zayani
Chairman



Adel Nahabah Hamadeh
Vice Chairman and Managing Director

The accompanying notes 1 to 26 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2025

	Note	31 December 2025 BD	31 December 2024 BD
OPERATING ACTIVITIES			
Profit for the year		3,073,979	2,999,427
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4	1,543,736	1,320,745
Depreciation of investment property	5	796,943	829,564
Share of profit of an associate	6	(1,856,832)	(1,825,052)
Change in fair value of investments at fair value through profit or loss	7	(146,481)	(115,967)
Allowance for expected credit losses	9	17,172	7,449
Provision for employees' end of service benefits	14	62,546	72,695
Dividend income		(184,389)	(166,548)
Interest income	18	(489,187)	(457,605)
Operating profit before working capital changes		2,817,487	2,664,708
<i>Working capital changes:</i>			
Inventories		(12,799)	5,934
Trade and other receivables		(18,534)	(221,323)
Trade and other payables		245,737	736,235
Net cash flows from operations		3,031,891	3,185,554
Directors' remuneration paid		(262,125)	(210,000)
Employees' end of service benefits paid	14	(79,077)	(93,651)
Charitable contributions paid		(65,250)	(47,150)
Net cash flows from operating activities		2,625,439	2,834,753
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,558,661)	(1,946,693)
Additions to investment property	5	(58,261)	(383,009)
Purchase of investments at FVOCI	7	-	(398,823)
Maturity of debt investment at amortised cost	7	700,000	-
Dividends received from an associate	6	1,700,000	1,900,000
Other dividends received		184,389	166,548
Interest received		481,924	345,014
Movement in bank deposits with maturity of more than three months		3,900,000	(3,100,000)
Net cash flows from (used in) investing activities		5,349,391	(3,416,963)

The accompanying notes 1 to 26 form part of these financial statements.

Statement of Cash Flows (continued)

For the year ended 31 December 2025

	Note	31 December 2025	31 December 2024
FINANCING ACTIVITY			
Dividends paid	13	(1,818,885)	(1,455,108)
Cash flows used in financing activity		(1,818,885)	(1,455,108)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		1,824,797	3,862,115
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10	7,980,742	1,824,797

Non-cash item:

During the year ended 31 December 2025, purchase of property, plant and equipment and additions to investment property exclude BD 2,009,980, relating to a property transferred from investment property to property, plant, and equipment (2024: nil).

The accompanying notes 1 to 26 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2025

	Other reserves						Total reserves	Retained earnings	Total equity
	Share capital	Statutory reserve	General reserve	Property	Investments	Share of reserves of associate			
				revaluation reserve	fair value reserve				
	BD	BD	BD	BD	BD	BD	BD	BD	
Balance at 1 January 2024	12,127,500	6,063,750	1,087,579	14,418,702	1,583,771	166,153	23,319,955	45,585,440	81,032,895
Profit for the year	-	-	-	-	-	-	-	2,999,427	2,999,427
Other comprehensive loss for the year	-	-	-	-	(190,811)	(63,946)	(254,757)	-	(254,757)
Total comprehensive (loss) income for the year	-	-	-	-	(190,811)	(63,946)	(254,757)	2,999,427	2,744,670
Adjustment to associate's reserve	-	-	-	-	-	(8,261)	(8,261)	-	(8,261)
Dividend for 2023 (note 13)	-	-	-	-	-	-	-	(1,455,108)	(1,455,108)
Balance at 31 December 2024	12,127,500	6,063,750	1,087,579	14,418,702	1,392,960	93,946	23,056,937	47,129,759	82,314,196
Profit for the year	-	-	-	-	-	-	-	3,073,979	3,073,979
Other comprehensive income for the year	-	-	-	-	267,681	2,681	270,362	-	270,362
Total comprehensive income for the year	-	-	-	-	267,681	2,681	270,362	3,073,979	3,344,341
Dividend for 2024 (note 13)	-	-	-	-	-	-	-	(1,818,885)	(1,818,885)
Balance at 31 December 2025	12,127,500	6,063,750	1,087,579	14,418,702	1,660,641	96,627	23,327,299	48,384,853	83,839,652

The accompanying notes 1 to 26 form part of these financial statements.

365 Days of Progress

Notes of the Financial Statements

For the year ended 31 December 2025

Bahraini Dinars

1 CORPORATE INFORMATION

National Hotels Company B.S.C. (the "Company") is a public joint stock company incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under commercial registration (CR) number 1665 and listed on Bahrain Bourse. The address of the registered office of the Company is P.O. Box 5243, Building 59, Road 1701, Block 317, Diplomatic Area, Kingdom of Bahrain. The Company owns a hotel in the Kingdom of Bahrain named Diplomat Radisson Blu Hotel, Residence & Spa (the "Hotel"), which is managed by Radisson Hotel Company (the "Radisson") under a management agreement up to 31 December 2030. In 2012, the Company commenced the operations of the Diplomat Commercial Offices (the "office tower"), which is managed by the Company directly. The Company operates solely in the Kingdom of Bahrain.

Associate

The Company has a 33.33% interest in African & Eastern (Bahrain) W.L.L. (2024: 33.33%). For more details, refer to note 6.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 12 February 2026.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Accounting convention

The financial statements have been prepared on a historical cost basis, except for freehold land (classified as property, plant and equipment) and equity financial assets that have been measured at fair value.

2.2 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB), and in conformity with the Bahrain Commercial Companies Law.

2.3 Functional and presentation currency

The financial statements have been presented in Bahraini Dinars (BD) which is the functional currency and the presentation currency of the Company.

2.4 New and amended standards effective from 1 January 2025

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the previous year, except for certain amendments to standards adopted by the Company as of 1 January 2025. The Company has not early adopted any new and amended standards that has been issued but is not yet effective.

- Lack of exchangeability – Amendments to IAS 21**

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how the Company should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the Company's financial performance, financial position and cash flows.

The amendments did not have any impact on the Company's financial statements.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 New and amended standards issued but not yet effective

Certain new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- **IFRS 18 Presentation and Disclosure in Financial Statements**

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The management is currently working to identify all impacts the amendments will have on the financial statements.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company's equity instruments (ordinary shares) are publicly traded, it is not eligible to elect to apply IFRS 19.

- **Annual Improvements to IFRS Accounting Standards - Volume 11**

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS Accounting Standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 New and amended standards issued but not yet effective (continued)

- **Annual Improvements to IFRS Accounting Standards - Volume 11 (continued)**

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

- **Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7**

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The management does not expect that the amendments will have a material impact on the Company's financial statements.

- **Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7**

In May 2024, the IASB issued these amendments which include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only.

Management is currently assessing the impact of the above amendments on the financial statements of the Company.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.5 New and amended standards issued but not yet effective (continued)

- **Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21**

In November 2025, the IASB issued these amendments which require translation from a nonhyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

If an entity's functional currency is the currency of a nonhyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

The amendments also introduce certain additional disclosure requirements, including the requirement to restate the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with paragraph 34 of IAS 29.

The amendments apply for annual reporting periods beginning on or after 1 January 2027 and earlier application is permitted.

The management concluded that the amendments will not impact the Company's financial statements.

2.6 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current/non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.7 Fair value measurement

The Company measures its equity investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.8 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Bahraini Dinars at spot rates of exchange prevailing at the reporting date. Any exchange gains and losses are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, liability, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.9 Property, plant and equipment

Recognition and measurement

The capital work-in-progress (CWIP) is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment, except for freehold land, is recorded at cost, net of accumulated depreciation and accumulated impairment, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss when incurred.

Freehold land is carried at revalued amounts. Revalued amounts are measured at fair value less accumulated impairment losses recognised after the date of revaluation. Freehold land is not depreciated. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. Revaluation of freehold land is normally carried out at least once every three years.

A revaluation surplus is recorded in other comprehensive income and credited to a revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Upon disposal of the revalued freehold land, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. If subsequent expenditure is related to a previously capitalised project, it is depreciated over the remaining useful life.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.9 Property, plant and equipment(continued)

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, except for freehold land and capital work-in-progress, as follows:

- Buildings	20 to 40 years
- Improvements to buildings	5 to 15 years
- Plant and machinery	15 to 20 years
- Furniture, fixtures and equipment	7 years
- Vehicles	5 years

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

2.10 Investment property

Recognition and measurement

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

The Company has classified its office tower (rented offices and commercial property) as investment property, which comprises principally the freehold land, building, improvements to building, furniture, fixtures and equipment, and plant and machinery which are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but is held primarily to earn rental income and capital appreciation. Property under development comprises capital work-in-progress that is classified as investment property. The office tower is substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property, is recorded at cost less accumulated depreciation and accumulated impairment, if any. Freehold land is not depreciated. If significant part of an item of investment property have different useful life, then they are accounted as separate items (major components) of investment property. Upon the asset becoming available for use, CWIP is reclassified within investment property from property under development to completed property, and subsequently carried at cost less accumulated depreciation and impairment.

The carrying amount includes the cost of replacing part of the existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the day to day servicing of the the investment property.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings	40 years
- Improvements to buildings	5 to 15 years
- Plant and machinery	15 to 20 years
- Furniture, fixtures and equipment	7 years

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Investment property(continued)

Transfers

Transfer is made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the carrying amount at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Derecognition

Investment property is derecognised either when it has been disposed off (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase cost and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.12 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss under expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.12 Impairment of non-financial assets(continued)

An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.13 Investment in an associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'share of profit of an associate' in the statement of profit or loss and other comprehensive income.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in associate. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of profit of an associate' in profit or loss.

The 'share of profit of an associate' in the statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associate. Any change in OCI of this investee is presented as part of the Company's OCI within 'share of other comprehensive income (loss) of an associate'. Where there has been a change recognised directly in equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Upon loss of significant influence over the associate, the Company measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.14.1 Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient which are measured at the transaction price determined under contracts with customers (refer to accounting policy for revenue from contracts with customers, note 2.20), the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows—either by collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets comprise of investment securities, trade and other receivables and bank balances and cash.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Financial instruments - initial recognition and subsequent measurement (continued)

2.14.1 Financial assets (continued)

ii) Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include bank balances and cash, trade and other receivables and investment in debt securities.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as 'dividend income' in the profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment. The Company has elected to classify certain quoted and unquoted equity investments under this category and presents them within 'investment securities' on the statement of financial position.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are carried in the statement of financial position at fair value, with net changes in fair value recognised in the profit or loss.

This category includes equity investments that the Company has not irrevocably elected to classify at FVOCI, presented within 'investment securities'. Dividends on such equity investments are recognised as dividend income in the profit or loss when the right of payment has been established.

iii) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Company has transferred substantially all the risks and rewards of the asset, or
 - b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes of the Financial Statements (continued)

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14 Financial instruments - initial recognition and subsequent measurement (continued)

2.14.1 Financial assets (continued)

iii) Derecognition of financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

iv) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14.2 Financial liabilities

i) Initial recognition, measurement and presentation

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities measured at amortised cost comprise trade and other payables.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.14.2 Financial liabilities(continued)

ii) Subsequent measurement

All financial liabilities of the Company are subsequently measured at amortized cost. Such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest expense in the profit or loss.

iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

2.14.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and bank deposits with maturities of three months or less.

2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Employees' end of service benefits

The Company provides for end of service benefits to its expatriate employees in accordance with the Bahrain Labour Law. The entitlement to these benefits is based upon the employees' final salaries and length of service. The expected costs of these benefits are accrued over the period of employment. Effective from 1 March 2024, private sector employees are required to pay the end of service contribution electronically through Social Insurance Organization (SIO) portal calculated as a percentage of employee's salaries. Benefit accrued before 1 March 2024 will remain recorded in the financial statements and will be paid to the Company when the employees leave the Company.

The Company makes contributions to the Social Insurance Organisation scheme for its Bahraini (national) employees calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.18 Cash dividend to shareholders of the Company

The Company recognises a liability to make cash distributions to shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Under Bahrain Commercial Companies Law, a distribution is authorised when it is approved by the shareholders in their General Meeting. A corresponding amount is recognised directly in equity.

2.19 Value added tax (VAT)

Revenue, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the Government, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax payable to (or receivable from) the Government is included as part of 'VAT payable', classified within 'trade and other payables' in the statement of financial position.

2.20 Revenue from contracts with customers

2.20.1 Hotel services revenue

The Company is in the business of providing hotel services and import and sale of beverages. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding discounts and amounts collected on behalf of third parties such as tourism levy, VAT etc. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The following specific recognition criteria must also be met before revenue is recognised:

The Company's contracts with its customers for hotel services generally contains only one performance obligation. In some cases, the Company's contracts for stay at the hotel are bundled together with the sale of food, beverages and other services. Such bundled contracts comprise of multiple performance obligations because the hotel room, food and beverages, and other services are all sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the room revenue, sale of food and beverages and other services.

- i) *Room revenue - hotel rooms and serviced apartments*
Room revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company. Room revenue is recognised based on an output method, over the length of guests' stay at the Hotel.
- ii) *Sale of food and beverages*
The Company's contracts with customers for the sale of food and beverages generally include one performance obligation. The Company has concluded that revenue from sale of food and beverages should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the food and beverages.
- iii) *Revenue from rendering of other services*
Revenue from rendering of other services is recognised at point in time when services are rendered. The contract contains only one performance obligation and the transaction price is allocated to the performance obligation.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.20.2 Revenue from rental income

The Company earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term, except for contingent rental income which is recognised when earned, and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, on the commencement date of the lease, the Company is reasonably certain that the tenant will exercise that option.

The initial direct costs and tenant lease incentives are presented as current assets in the line item 'prepaid expenses' classified within the 'trade and other receivables' in the statement of financial position. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the profit or loss when the right to receive them arises.

2.20.3 Contract balances

- i) *Costs to obtain a contract*
The Company pays sales commission to its travel agents for each contract that they obtain for guest bookings. The Company applies the optional practical expedient to immediately recognise the commission paid if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense in the profit or loss.
- ii) *Contract assets*
A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.
- iii) *Trade receivables*
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to the accounting policy on "Financial assets".
- iv) *Contract liabilities*
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.21 Other income recognition

i) *Interest income*

Interest income on debt investment securities measured at amortized cost is recognised using the effective interest rate (EIR) method. The EIR is determined at initial recognition as the rate that exactly discounts the estimated future cash flows (including contractual coupons and redemption) to the asset's gross carrying amount, and interest income is recognised by applying that EIR to the gross carrying amount over the life of the instrument.

Interest income on bank balances and bank deposits is recognised on an accrual basis in accordance with the EIR method for interest-bearing deposits.

ii) *Dividend income*

Dividends from equity investment securities measured at FVTPL are recognised in profit or loss when the Company's right to receive payment is established. For equity investment securities designated at FVOCI, dividends are also recognised in profit or loss when the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the dividend is recognised in other comprehensive income.

iii) *Other income*

Other income is recognised on an accrual basis when income is earned.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The management has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Property lease classification – the Company as lessor

The Company has entered into commercial property leases on its investment property, the office tower. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Determining the timing of revenue from room services

The Company concluded that revenue from room services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company which demonstrates that the Company's performance obligations are complete as and when customer simultaneously receives and consumes the benefits.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values of property, plant and equipment and investment property

The Company's management determines the estimated useful lives of its property, plant and equipment and investment property for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charges would be adjusted where management believes the useful lives differ from previous estimates.

Impairment of property, plant and equipment and investment property

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

The management does not believe that there is any impairment of property, plant and equipment and investment property as at 31 December 2025 and 2024.

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

- Estimated room rents in future;
- Estimated commercial property rents in future;
- Estimated occupancy rates for upcoming years;
- Inflation rate used to extrapolate cash flows;
- Capital expenditure;
- Discount rate;
- Growth rate; and
- Terminal value of property, plant and equipment and investment property.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Sensitivity to changes in assumptions

i) Hotel - Property, plant and equipment

With regard to the assessment of value in use, management believes that reasonably possible changes in the weighted average cost of capital could cause a material change in the recoverable amount. A relative increase in the weighted average cost of capital by 14% (1400 basis points) (2024: 4% (400 basis points)) (with all other variables remaining unchanged) throughout the forecast period could result in the recoverable amount of the CGU being lower than its carrying amount.

Similarly, a relative decrease in the occupancy rate by 8.01% (2024: 4%) (with all other variables remaining unchanged) throughout the forecast period, or a relative reduction in income by 6% (2024: 4%) (with all other variables remaining unchanged) throughout the forecast period, could result in the recoverable amount of the CGU being lower than its carrying amount.

Based on the sensitivity analysis performed, no impairment was identified for the year ended 31 December 2025 (2024: same).

ii) Office tower - Investment property

With regard to the assessment of value in use, the management believes that reasonably possible changes in the weighted average cost of capital would cause a material change to the recoverable amount. An increase in weighted average cost of capital by 0.8% (76 basis points) (2024: 0.3% (26 basis points)) (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

Similarly, a decrease in occupancy rate by 6% (2024: 4%) (with all other variables remain unchanged) throughout the forecast period or a reduction in income by 5% (2024: 4%) (with all other variables remain unchanged) throughout the forecast period could result in the recoverable amount of the CGU to be lower than its carrying value.

Based on the sensitivity analysis performed, no impairment was identified for the year ended 31 December 2025 (2024: same).

Allowance for expected credit losses

The determination of 'allowance of expected credit losses' as discussed in note 2.14.1 involves estimates and assumptions.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with the forward-looking information. For instance, if forecast economic conditions (i.e. inflation rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the consumer sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables (includes amount due from related parties) were BD 681,299 (2024: BD 609,172), with an allowance for expected credit loss of BD 73,057 (2024: BD 55,885). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the profit or loss.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Valuation of unquoted investments at fair value through other comprehensive income

Management uses its best judgement in determining fair values of the unquoted equity investments by reference to using fair value provided by the investment managers or other appropriate valuation techniques including fair values determined based on unobservable inputs using a market multiples or other appropriate valuation methodologies. Management uses its best judgement, however, the actual amount realised in a future transaction may differ from the current estimate of fair value given the inherent uncertainty surrounding the valuation of unquoted equity investments.

Provision for slow moving and obsolete inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated realisable value.

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Improvements to buildings	Furniture, fixtures and equipment	Plant and machinery	Vehicles	Capital work-in-progress	Total
Cost / revaluation:								
At 1 January 2025	18,877,948	29,682,261	8,639,972	3,948,579	2,965,481	174,016	301,554	64,589,811
Additions	-	-	940,576	189,879	88,115	33,423	306,668	1,558,661
Transfer from investment property	1,417,619	592,361	-	-	-	-	-	2,009,980
Transfer of capital work-in-progress	-	-	224,117	8,251	36,939	-	(269,307)	-
Disposals	-	-	-	-	-	(18,882)	-	(18,882)
At 31 December 2025	20,295,567	30,274,622	9,804,665	4,146,709	3,090,535	188,557	338,915	68,139,570
Accumulated depreciation:								
At 1 January 2025	-	21,964,067	3,701,258	2,596,022	1,966,975	143,784	-	30,372,106
Depreciation charge for the year	-	356,742	572,519	457,910	143,349	13,216	-	1,543,736
Relating to disposals	-	-	-	-	-	(18,882)	-	(18,882)
At 31 December 2025	-	22,320,809	4,273,777	3,053,932	2,110,324	138,118	-	31,896,960
Net book value:								
At 31 December 2025	20,295,567	7,953,813	5,530,888	1,092,777	980,211	50,439	338,915	36,242,610

Capital work in progress primarily relates to the construction of the Diplomat Commercial Car Park project.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

4 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Buildings	Improvements to buildings	Furniture, fixtures and equipment	Plant and machinery	Vehicles	Capital work-in-progress	Total
Cost / revaluation:								
At 1 January 2024	18,877,948	29,682,261	6,977,779	4,232,756	2,616,645	158,261	1,509,839	64,055,489
Additions	-	-	62,870	15,045	14,906	15,755	1,838,117	1,946,693
Transfer of capital work-in-progress	-	-	1,599,323	826,984	620,095	-	(3,046,402)	-
Disposals	-	-	-	(1,126,206)	(286,165)	-	-	(1,412,371)
At 31 December 2024	18,877,948	29,682,261	8,639,972	3,948,579	2,965,481	174,016	301,554	64,589,811
Accumulated depreciation:								
At 1 January 2024	-	21,625,556	3,234,630	3,324,674	2,147,155	131,717	-	30,463,732
Depreciation charge for the year	-	338,511	466,628	397,554	105,985	12,067	-	1,320,745
Relating to disposals	-	-	-	(1,126,206)	(286,165)	-	-	(1,412,371)
At 31 December 2024	-	21,964,067	3,701,258	2,596,022	1,966,975	143,784	-	30,372,106
Net book value:								
At 31 December 2024	18,877,948	7,718,194	4,938,714	1,352,557	998,506	30,232	301,554	34,217,705

The fair value of the land was determined based on a valuation performed by an independent valuer as of 5 November 2024. The Board of Directors considers that the fair value of land as of 31 December 2025 is not significantly different from the fair value as of 31 December 2024. The carrying amount of freehold land, if carried at cost, would be BD 5,788,662 (2024: BD 4,459,246).

Notes of the Financial Statements (continued)

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Bahraini Dinars

5 INVESTMENT PROPERTY

	Freehold land	Building	Improvements to buildings	Furniture, fixture and equipment	Plant and machinery	Capital work-in-progress	Total
Cost:							
At 1 January 2025	15,341,286	23,922,996	797,082	82,258	3,565,966	3,850	43,713,438
Additions	-	-	29,709	-	28,552	-	58,261
Transfer to property, plant and equipment	(1,417,619)	(643,369)	-	-	-	-	(2,060,988)
Transfer of capital work-in-progress	-	-	3,850	-	-	(3,850)	-
At 31 December 2025	13,923,667	23,279,627	830,641	82,258	3,594,518	-	41,710,711
Accumulated depreciation and impairment:							
At 1 January 2025	1,818,911	9,297,604	164,586	47,464	2,917,874	-	14,246,439
Relating to transfer to property, plant and equipment	-	(51,008)	-	-	-	-	(51,008)
Depreciation charge for the year	-	565,615	58,410	9,973	162,945	-	796,943
At 31 December 2025	1,818,911	9,812,211	222,996	57,437	3,080,819	-	14,992,374
Net book value:							
At 31 December 2025	12,104,756	13,467,416	607,645	24,821	513,699	-	26,718,337

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

5 INVESTMENT PROPERTY (continued)

	Freehold land	Building	Improvements to buildings	Furniture, fixtures and equipment	Plant and machinery	Capital work-in-progress	Total
Cost:							
At 1 January 2024	15,341,286	23,922,996	434,475	80,542	3,551,130	-	43,330,429
Additions	-	-	518	-	1,067	381,424	383,009
Transfer of capital work-in-progress	-	-	362,089	1,716	13,769	(377,574)	-
At 31 December 2024	15,341,286	23,922,996	797,082	82,258	3,565,966	3,850	43,713,438
Accumulated depreciation and impairment:							
At 1 January 2024	1,818,911	8,684,077	123,177	37,513	2,753,197	-	13,416,875
Depreciation charge for the year	-	613,527	41,409	9,951	164,677	-	829,564
At 31 December 2024	1,818,911	9,297,604	164,586	47,464	2,917,874	-	14,246,439
Net book value:							
At 31 December 2024	13,522,375	14,625,392	632,496	34,794	648,092	3,850	29,466,999

The fair value of the Company's investment property amounted to BD 30,644,000 (excluding land and building transferred to property, plant and equipment), based on a valuation performed by an independent external valuer as of 5 November 2024. During the year ended 31 December 2025, management performed an internal valuation using Discounted Cash Flow method, which is categorised as a Level 3 in fair value hierarchy. Based on such valuation, the Board of Directors concluded that the fair value approximates to the carrying value of the assets. Further details on the impairment assessment, including key assumptions and sensitivity analyses, are provided in note 3.

During the year ended 31 December 2025, the Company generated a profit of BD 509,839 from its investment property (2024: BD 532,116) (refer note 26).

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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6 INVESTMENT IN AN ASSOCIATE

The Company has a 33.33% (2024: 33.33%) interest in African & Eastern (Bahrain) W.L.L., a Company which is incorporated in the Kingdom of Bahrain and is involved in the business of importing and selling of beverages. African & Eastern (Bahrain) W.L.L. is a private entity that is not listed on any public exchange. The Company's interest in African & Eastern (Bahrain) W.L.L. is accounted for using the equity method in the financial statements. The movement in the carrying value of the investment in an associate is as follows:

	2025	2024
At 1 January	6,378,813	6,525,968
Share of profit for the year	1,856,832	1,825,052
Share of other comprehensive income (loss) for the year	2,681	(63,946)
Adjustment to the associate's reserve	-	(8,261)
Dividends received	(1,700,000)	(1,900,000)
At 31 December	6,538,326	6,378,813

Associate's summarised statement of financial position:

	2025	2024
Current assets	8,962,845	7,591,683
Non-current assets	12,581,930	13,198,322
Current liabilities	(2,114,848)	(1,781,243)
Non-current liabilities	(570,929)	(628,301)
Net assets	18,858,998	18,380,461
Proportion of the Company's interest	33.33%	33.33%
Share of the associate's net assets	6,286,333	6,126,820
Goodwill on investment	251,993	251,993
Carrying amount of the investment	6,538,326	6,378,813

Notes of the Financial Statements (continued)

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6 INVESTMENT IN AN ASSOCIATE (continued)

Associate's summarised statement of profit or loss and other comprehensive income:

	2025	2024
Revenue	18,403,385	17,297,153
Cost of sales	(10,061,952)	(9,152,938)
Other income	500,565	499,229
General and administrative expenses	(2,721,645)	(2,568,602)
Selling and distribution expenses	(549,858)	(599,686)
Profit for the year	5,570,495	5,475,156
Other comprehensive income (loss) for the year	8,042	(191,837)
Total comprehensive income for the year	5,578,537	5,283,319
Company's share of profit for the year	1,856,832	1,825,052
Company's share of other comprehensive income (loss) for the year	2,681	(63,946)

As at 31 December 2025, the Company's share in associate contingent liabilities arising in the ordinary course of business which includes an outstanding letter of guarantee amounted to BD 1,250 (2024: BD 1,250).

Further, as at 31 December 2025, the Company's share in associates' capital commitments amounted to BD 134,922 (2024: BD 85,423) arising from the construction of a retail store in Mina Salman, Kingdom of Bahrain.

7 INVESTMENT SECURITIES

	Note	2025	2024
Non-current			
Equity investments at fair value through other comprehensive income (FVOCI)	7.1	2,709,836	2,442,155
Debt investment at amortised cost	7.3	1,843,302	1,874,463
		4,553,138	4,316,618
Current			
Equity investments at fair value through profit or loss (FVTPL)	7.2	1,381,254	1,234,773
Debt investment at amortised cost	7.3	-	700,000
		1,381,254	1,934,773
		5,934,392	6,251,391

Notes of the Financial Statements (continued)

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7 INVESTMENT SECURITIES (continued)

7.1 Equity investments at fair value through other comprehensive income (FVOCI)

	2025	2024
Quoted equity investments	2,052,995	1,781,901
Unquoted equity investments	656,841	660,254
	2,709,836	2,442,155

Movements in the equity investments at FVOCI is as follow:

	2025	2024
At 1 January	2,442,155	2,234,143
Purchases during the year	-	398,823
Change in fair value during the year	267,681	(190,811)
At 31 December	2,709,836	2,442,155

7.2 Equity investments at fair value through profit or loss (FVTPL)

	2025	2024
Quoted equity portfolio	1,381,254	1,234,773

The quoted equity portfolio is managed by an external fund manager who is also a shareholder of the Company (refer note 22). Movements in the equity investment at FVTPL is as follows:

	2025	2024
At 1 January	1,234,773	1,118,806
Change in fair value during the year	146,481	115,967
At 31 December	1,381,254	1,234,773

7.3 Debt investment at amortised cost

	2025	2024
Debt securities	1,843,302	2,574,463

Notes of the Financial Statements (continued)

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7 INVESTMENT SECURITIES (continued)

7.3 Debt investment at amortised cost (continued)

Movements in the debt investment at amortised cost is as follow:

	2025	2024
At 1 January	2,574,463	2,605,624
Amortisation for the year	(31,161)	(31,161)
Matured during the year	(700,000)	-
At 31 December	1,843,302	2,574,463

8 INVENTORIES

	2025	2024
Food and beverages	47,677	38,756
General stores	33,791	29,913
	81,468	68,669

The amount of inventories recognised as expenditure in operating costs (note 17) during the year amounted to BD 865,341 (2024: BD 868,899).

9 TRADE RECEIVABLES AND OTHER ASSETS

	2025	2024
Trade receivables		
- third parties	672,638	605,253
- related parties (note 22)	8,661	3,919
Less: Allowance for expected credit losses	(73,057)	(55,885)
	608,242	553,287
Accrued interest receivables	174,134	166,871
Prepaid expenses	188,537	196,207
Advances to supplier and contractors	3,754	1,251
Other receivables		
- third parties	22,330	36,675
- related parties (note 22)	167	3,087
	997,164	957,378

- Trade receivables are non-interest bearing and are normally settled on 30 to 60 day terms.
- For terms and conditions of trade receivables from related parties, refer to note 22.
- The Company does not obtain collateral over trade receivables.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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9 TRADE RECEIVABLES AND OTHER ASSETS

Movements in the allowance for expected credit losses of trade receivables during the year were as follows:

	2025	2024
At 1 January	55,885	48,436
Charge during the year	17,172	7,449
At 31 December	73,057	55,885

The ageing analysis of trade receivables and allowance for expected credit losses as at 31 December 2025 and 2024, are as follows:

	Total	Current	Past due				
			1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days
31 December 2025							
Expected credit loss rate (%)	10.7%	0.0%	0.9%	11.7%	17.9%	1.4%	27.3%
Gross trade receivables (BD)	681,299	102,322	181,299	121,963	49,550	52,348	173,817
Allowance for expected credit losses (BD)	(73,057)	-	(1,664)	(14,291)	(8,859)	(732)	(47,511)
Net trade receivables (BD)	608,242	102,322	179,635	107,672	40,691	51,616	126,306

	Total	Current	Past due				
			1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days
31 December 2024							
Expected credit loss rate (%)	9.2%	0.0%	1.5%	5.3%	4.2%	0.1%	55.9%
Gross trade receivables (BD)	609,172	110,144	134,584	169,473	92,616	29,019	73,336
Allowance for expected credit losses (BD)	(55,885)	-	(1,996)	(8,988)	(3,863)	(36)	(41,002)
Net trade receivables (BD)	553,287	110,144	132,588	160,485	88,753	28,983	32,334

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows consist of the following amounts:

	2025	2024
Bank balances (i)	972,391	1,817,027
Bank deposits (ii)	8,500,000	5,400,000
Cash in hand	8,351	7,770
Bank balances and cash	9,480,742	7,224,797
Less: Bank deposits with maturity exceeding three months	(1,500,000)	(5,400,000)
Cash and cash equivalents	7,980,742	1,824,797

- i) Bank balances are held with financial institutions in the Kingdom of Bahrain. These balances are denominated in Bahraini Dinars.
- ii) Bank deposits are placed with commercial banks in the Kingdom of Bahrain. These deposits have varying original maturity ranging from three to six months. The deposits are denominated in Bahraini Dinars and earn interest at an average rate of 5.01% (2024: 5.6%).

The Company has an unused overdraft facility of BD 500,000 as at 31 December 2025 (2024: BD 500,000) to finance working capital requirements granted by a financial institution in the Kingdom of Bahrain. The facility carries interest of 3.5% per annum above one month SOFR charged monthly (2024: same).

11 SHARE CAPITAL

a) Share capital

	2025	2024
Authorised:		
150,000,000 (2024: 150,000,000) ordinary shares of BD 0.100 each	15,000,000	15,000,000
Issued and fully paid:		
121,275,000 (2024: 121,275,000) ordinary shares of BD 0.100 each	12,127,500	12,127,500

Notes of the Financial Statements (continued)

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11 SHARE CAPITAL (continued)

b) Major shareholders

Names and nationalities of the major shareholders and the number of shares held in which they have an interest of 5% or more of issued and fully paid shares.

	Nationality	Number of shares at 31 December		Shareholding at 31 December*	
		2025	2024	2025	2024
Kuwait Investment Authority	Kuwaiti	39,827,884	39,827,884	32.84%	32.84%
Social Insurance Organization - Civil and Military	Bahraini	38,989,471	38,989,471	32.15%	32.15%
Kuwait Investment Company S.A.K	Kuwaiti	25,399,330	25,399,330	20.94%	20.94%

* Expressed as % of total outstanding shares issued and fully paid shares of the Company.

c) Additional information on shareholding pattern

- i) Company has only one class of equity shares and the holders of the shares have equal voting rights.
- ii) Distribution schedule of equity shares, setting out the number of holders and percentage in the following categories for the year ended 31 December:

Categories	2025		
	Number of shareholders	Number of shares	% of total issued shares
Less than 1 %	3,728	9,903,876	8.2%
1 % to less than 5 %	4	7,154,439	5.9%
10% to less than 50%	3	104,216,685	85.9%
Total	3,735	121,275,000	100%

Categories	2024		
	Number of shareholders	Number of shares	% of total issued shares
Less than 1 %	3,774	11,220,476	9.3%
1 % to less than 5 %	3	5,837,839	4.8%
10% to less than 50%	3	104,216,685	85.9%
Total	3,780	121,275,000	100%

44.32% (2024: 44.41%) of the shares are held by Bahraini individuals and legal entities incorporated in the Kingdom of Bahrain and 55.68% (2024: 55.59%) by other nationalities. Total shares held by the directors at 31 December 2025 were 1.84% (2024: 0.20%).

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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12 OTHER RESERVES

a) Statutory reserve

As required by the Bahrain Commercial Companies Law and the Company's articles of association, 10% of the profit for the year is to be transferred to statutory reserve every year. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued and fully paid share capital. The Company discontinued further transfer of profit to statutory reserve as the reserve equalled 50% of the paid-up capital of the Company. The reserve cannot be utilised for the purpose of distribution except in such circumstances as stipulated in the Bahrain Commercial Companies Law.

b) General reserve

The general reserve represents funds set aside for the purpose of future capital expenditure and to enhance the capital base of the Company. There are no restrictions over the distribution of this reserve.

c) Property revaluation reserve

The revaluation reserve relates to the fair valuation of freehold land classified as property, plant and equipment, owned by the Company.

d) Investments fair value reserve

This reserve relates to fair value changes of investments carried at fair value through other comprehensive income.

13 DIVIDENDS PAID AND PROPOSED

At the Annual General Meeting of the shareholders held on 27 March 2025, a cash dividend of 15 fils per share totaling BD 1,818,885 for the year ended 31 December 2024 was approved and paid (2024: At the Annual General Meeting of the shareholders held on 28 March 2024, a cash dividend of 12 fils per share totaling BD 1,455,108 for the year ended 31 December 2023 was approved and paid).

A cash dividend of 15 fils per share, totaling BD 1,818,885 has been proposed by Board of Directors and will be submitted for formal approval of shareholders at the Annual General Meeting.

14 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the liability recognised in the statement of financial position in respect of employees' end of service benefits are as follows:

	2025	2024
At 1 January	257,819	278,775
Charge for the year	62,546	72,695
Paid during the year to employees	(24,523)	(52,900)
Paid during the year to Social Insurance Organization	(54,554)	(40,751)
At 31 December	241,288	257,819

Effective 1 March 2024, pursuant to an Edict number 109 of 2023 issued by His Royal Highness the Prime Minister of the Kingdom of Bahrain, end of service benefits' liability will be transferred to the Social Insurance Organization (SIO), representing the amounts paid by the Company to the SIO on a monthly basis starting March 2024. Such portion of liability would be settled directly by the SIO when the relevant employees leave the Company.

Notes of the Financial Statements (continued)

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15 TRADE AND OTHER PAYABLES

	2025	2024
Trade payables	447,521	437,286
Amounts due to related parties (note 22)	385,795	394,451
Accrued expenses	516,485	602,991
Contract liabilities	211,592	149,668
Hotel service levy fee payable (note 15.2)	98,536	92,210
Provision for charitable contributions	65,100	70,350
Hotel accommodation fee payable (note 15.1)	63,945	61,281
VAT payable	44,705	31,452
Retention payable	29,821	103,195
Other payables	48,599	50,853
	1,912,099	1,993,737

- Trade payables are non-interest bearing and are normally settled on 15 to 45 days terms.
- For terms and conditions relating to amounts due to related parties, refer to note 22.
- Retention payables to contractors are non-interest bearing and are normally settled on 360 days terms.

15.1 Movements in hotel accommodation fee payable is as follows:

	2025	2024
At 1 January	61,281	-
Hotel accommodation fee collected from guests	216,189	140,538
Hotel accommodation fee paid to Bahrain Tourism and Exhibitions Authority	(213,525)	(79,257)
At 31 December	63,945	61,281

15.2 Movements in hotel service levy fee payable is as follows:

	2025	2024
At 1 January	92,210	70,765
Levy collected from guests	338,060	329,396
Levy paid to Bahrain Tourism and Exhibitions Authority	(331,734)	(307,951)
At 31 December	98,536	92,210

Notes of the Financial Statements (continued)

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16 HOTEL SERVICES REVENUE

Set out below is the disaggregation of the Company's hotel services revenue:

	2025	2024
Hotel rooms	2,469,019	2,524,558
Serviced apartments	1,792,831	1,416,346
Food and beverages	2,229,405	2,348,854
Others	274,840	303,150
	6,766,095	6,592,908

	2025	2024
Timing of revenue recognition		
At a point in time	2,504,245	2,652,004
Over time	4,261,850	3,940,904
	6,766,095	6,592,908

The Company generates all of its revenue in the Kingdom of Bahrain.

Set out below is the amount of revenue recognised from:

	2025	2024
Amounts included in contract liabilities at the beginning of the year	149,668	65,994

17 OPERATING COSTS

	2025	2024
Food and beverages	1,375,897	1,445,510
Engineering	658,295	636,970
Room related expenses	649,906	610,370
Administration and IT	574,246	580,723
Serviced apartments related expenses	580,261	510,109
Selling and marketing	391,632	353,433
Office tower related expenses	417,343	342,997
Other operating costs	457,129	495,102
	5,104,709	4,975,214

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

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17 OPERATING COSTS (continued)

An analysis of operating costs on the basis of nature of expenses is as follows:

	2025	2024
Payroll and related expenses	1,987,839	1,947,302
Consumption of inventories (note 8)	865,341	868,899
Utilities, insurance and taxes	708,193	718,070
Overhead expenses	383,088	388,976
Commission expenses	285,149	233,921
Repairs and maintenance	285,457	267,816
Sales and marketing	166,742	153,575
Management fees (note 22)	135,050	141,892
Others	287,850	254,763
	5,104,709	4,975,214

18 INTEREST INCOME

	2025	2024
Income from bank accounts and deposits	385,705	330,929
Income from debt investment at amortised cost	103,482	126,676
	489,187	457,605

19 GENERAL AND ADMINISTRATION EXPENSES

	2025	2024
Payroll and related expenses	194,286	231,833
Directors' remuneration and sitting fees (note 22)	337,000	328,875
Charity expenses	60,000	60,000
Legal and professional charges	22,733	22,809
Advertisement, travel and entertainment expenses	48,192	56,644
Others	14,428	52,211
	676,639	752,372

Notes of the Financial Statements (continued)

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20 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributed to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year and is as follows:

	2025	2024
Profit for the year (BD)	3,073,979	2,999,427
	121,275,000	121,275,000
Basic and diluted earnings per share (fils)	25	25

Basic and diluted earnings per share are the same since the Company has not issued any instruments that would have a dilutive effect. There have been no other transactions involving ordinary or potential ordinary shares between the reporting date and the date of issue of these financial statements, that would have a dilutive effect.

21 COMMITMENTS AND CONTINGENCIES

a) Commitments

The Company has capital expenditure commitments of BD 2,893,753 of 31 December 2025 (2024: BD 555,330).

b) Contingencies

The Company has an outstanding guarantee of BD 13,369 as at 31 December 2025 (2024: BD 4,050).

22 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the associated company, shareholders, companies having common directors, directors and key management personnel of the Company, the operator of the hotel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are at agreed terms and approved by the Company's Board of Directors.

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

	2025					2024
	Share of profit	Purchases	Management fees	Other expenses	Revenue	
Shareholders	-	-	15,191	-	600,276	
Associate	1,856,832	111,988	-	-	4,724	
Management company	-	-	135,050	79,613	-	
Directors	-	-	-	388,166	2,894	
	1,856,832	111,988	150,241	467,779	607,894	

Notes of the Financial Statements (continued)

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22 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2024				
	Share of profit	Purchases	Management fees	Other expenses	Revenue
Shareholders	-	-	12,920	-	600,276
Associate	1,825,052	96,577	-	-	7,466
Management company	-	-	141,892	78,846	-
Directors	-	-	-	390,542	3,013
	1,825,052	96,577	154,812	469,388	610,755

Balances with related parties included in the statement of financial position are as follows:

	2025	2024
Assets		
<i>Trade receivables and other assets (note 9)</i>		
- Shareholders	8,075	2,742
- Management company	192	-
- Associate	167	3,087
- Directors	394	1,177
	8,828	7,006
<i>Equity Investments at fair value through profit or loss (note 7)</i>		
- Investment managed by Shareholder	1,381,254	1,234,773

	2025	2024
Liabilities		
<i>Trade and other payables (note 15)</i>		
- Associate	19,047	15,949
- Management company	97,248	116,377
- Directors	269,500	262,125
	385,795	394,451

Notes of the Financial Statements (continued)

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22 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Terms and conditions of transactions with related parties

Outstanding balances arise in the normal course of business and are unsecured, interest free and settlement occurs in cash, and are usually settled within 30 days. There have been no guarantees received or provided for any related party payables and receivable balances.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2025	2024
Short-term employee benefits	289,612	268,339
Directors' remuneration	269,500	262,125
End of service benefits	9,884	11,971
Directors' sitting fees	67,500	66,750
	636,496	609,185

Investment in an associate and its movement during the year is disclosed in note 6 to these financial statements.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Introduction

The Company's principal financial liabilities include trade payables, accrued expenses, amounts due to related parties, retention payable, VAT payable, hotel service levy and accommodation fee payable and other payables. The main purpose of these financial liabilities is to finance the Company's day-to-day operations and capital expenditure. The Company has trade receivables, accrued interest receivables and other receivables, and bank balances and cash that arise directly from its operations. The Company also holds investments in debt and equity securities. The Company is exposed to market, credit and liquidity risks.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's executive management oversees the management of these risks. The Company's executive management advises on the financial risks and the appropriate financial risk governance framework for the Company. The Company's executive committee is responsible for evaluating and approving business and risk strategies, plans and policies of the Company. It is also responsible for managing market and liquidity risks pertaining to the Company's investment activity by optimising liquidity and maximising returns from the funds available to the Company.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, equity price risk and foreign currency risk.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss and other comprehensive income item is the effect of the assumed changes in market risk. This is based on the financial assets and financial liabilities held at 31 December 2025 and 2024.
- The sensitivity of equity is calculated by considering the effect of investment securities measured at FVOCI at 31 December 2025 and 2024 for the effects of the assumed changes of the underlying risk.

Notes of the Financial Statements (continued)

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23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market Risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as there are no variable interest bearing financial assets or financial liabilities within the Company.

Equity price risk

The Company's investment in quoted and unquoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limit on individuals and total equity instruments. Reports on investment portfolio are submitted to executive committee on a regular basis. The executive committee reviews and approves all investment decisions.

The following table demonstrates the sensitivity of the changes in fair value to reasonably possible changes in equity value, with all other variables held constant.

	2025			2024		
	Change in fair value	Effect on other comprehensive income	Effect on profit	Change in fair value	Effect on other comprehensive loss	Effect on profit
Equity investments at FVOCI	+5%	135,492	-	+5%	122,108	-
	-5%	(135,492)	-	-5%	(122,108)	-
Equity investments at FVTPL	+5%	-	69,063	+5%	-	61,739
	-5%	-	(69,063)	-5%	-	(61,739)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are mainly in Bahraini Dinars and United States Dollars. The Company is not exposed to significant currency risk as the Bahraini Dinar is pegged to the United States Dollar.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including bank deposits, bank balances and investment in debt securities.

The maximum credit risk exposure at 31 December 2025 is equal to the carrying value of financial assets shown in the statement of financial position, which are net of allowance for expected credit losses and write-offs (2024: same).

Bank deposits, bank balances and investments in debt securities

With respect to credit risk from the financial assets of the Company, which comprise bank deposits, bank balances and investments in debt securities, the Company's exposure to credit risk arises from default of the counterparty. The Company limits credit risk by dealing only with reputable banks and investing primarily in sovereign bonds.

Notes of the Financial Statements (continued)

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23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk (continued)

Trade receivables and other assets and amounts due from related parties

The Company trades only with recognised, creditworthy third parties. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables on an on-going basis. The management believes that credit risk associated with the amounts due from related parties is assessed to be low.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type) excluding the receivables from the government entities. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit risk concentration

The Company provides its services to a large number of individuals, companies and government entities. Its five largest customers account for 57% of outstanding trade receivables at 31 December 2025 (2024: 51%).

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are primarily government entities and located in several jurisdictions and operate in largely independent markets.

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the various components of the statement of financial position without taking account of any collateral and other credit enhancements.

	2025	2024
Trade receivables - net (note 9)	608,242	553,287
Accrued interest receivables (note 9)	174,134	166,871
Other receivables (note 9)	22,497	39,762
Bank balances (note 10)	972,391	1,817,027
Bank deposits (note 10)	8,500,000	5,400,000
Debt investment at amortised cost (note 7)	1,843,302	2,574,463
	12,120,566	10,551,410

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The Company limits its liquidity risk by ensuring bank facilities are available and monitoring cash flows on an on-going basis. The Company's terms of sales require amounts to be paid in advance for retail customer and for corporate customer within 30-60 days of the date of sale. Trade payables are non-interest bearing and are normally settled within 15 to 45 days terms.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk (continued)

The table below summarises the maturities of the Company's financial liabilities as at 31 December 2025 and 2024, based on contractual undiscounted payment and current market interest rates.

	Less than 3 months	3 to 12 months	Total
31 December 2025			
Trade payables	447,521	-	447,521
Accrued expenses	516,485	-	516,485
Amounts due to related parties	385,795	-	385,795
Retention payable	-	29,821	29,821
Hotel accommodation fee payable	63,945	-	63,945
Hotel service levy fee payable	98,536	-	98,536
Other payables	-	48,599	48,599
Total	1,512,282	78,420	1,590,702
	Less than 3 months	3 to 12 months	Total
31 December 2024			
Trade payables	437,286	-	437,286
Accrued expenses	602,991	-	602,991
Amounts due to related parties	394,451	-	394,451
Retention payable	-	103,195	103,195
Hotel accommodation fee payable	61,281	-	61,281
Hotel service levy fee payable	92,210	-	92,210
Other payables	-	50,853	50,853
Total	1,588,219	154,048	1,742,267

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024. Capital comprises of share capital, retained earnings and other reserves and is measured at BD 83,839,652 as at 31 December 2025 (2024: BD 82,314,196).

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

24 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of financial instruments

Financial instruments of the Company comprise of financial assets and financial liabilities.

Financial assets consist of investment securities, trade and other receivables and bank balances and cash. Financial liabilities consist of trade and other payables.

The fair value of financial instruments are estimated based on the following methods and assumptions:

- Bank balances and cash, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments;
- The fair values of the quoted investments are determined by reference to published price quotations in an active market and the fair values of unquoted equity investments have been estimated using other appropriate valuation techniques including the use of market multiples and net assets value; and
- The fair value of the debt investment at amortised cost with a carrying value of BD 1,843,302 (2024: BD 2,574,463) is BD 1,841,023 (2024: BD 2,522,182). The fair value has been determined using market-based valuation techniques, with inputs including dealer quotes and market yields. These inputs are observable and, accordingly, the fair value measurement is categorised within Level 2 of the fair value hierarchy.

Fair value of non-financial assets and liabilities

The Company measures its free hold land at revalued amounts and accordingly, the fair value has been categorised as level 3 in the fair value hierarchy disclosed below.

Fair value hierarchy

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year:

The following table provides fair value hierarchy of the Company's assets and liabilities measured at fair value:

	2025				
	Date of valuation	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investments at fair value through other comprehensive income (note 7)	31 Dec 2025	2,052,995	-	656,841	2,709,836
Investments at fair value through profit or loss (note 7)	31 Dec 2025	1,381,254	-	-	1,381,254
Free hold land*	31 Dec 2024	-	-	20,295,567	20,295,567
		3,434,249	-	20,952,408	24,386,657

* Management believes, based on an internal assessment that there is no change in the fair value of freehold land since the date of last valuation.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

24 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

	Date of valuation	2024			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Investments at fair value through other comprehensive income (note 7)	31 Dec 2024	1,781,901	-	660,254	2,442,155
Investments at fair value through profit or loss (note 7)	31 Dec 2024	1,234,773	-	-	1,234,773
Free hold land	31 Dec 2024	-	-	18,877,948	18,877,948
		3,016,674	-	19,538,202	22,554,876

Liabilities measured at fair value

There were no liabilities measured at fair value as of 31 December 2025 and 2024.

Reconciliation of fair value measurement of Level 3 financial assets

During the year ended 31 December 2025, there were no transfers between Level 1 and Level 2 fair value measurements (2024: same).

Reconciliation of fair value measurement of Level 3 non-financial assets

Level 3 non-financial assets include free hold land in property, plant and equipment movement is disclosed in note 4.

25 GLOBAL AND DOMESTIC MINIMUM TOP UP TAX

The OECD Global Anti-Base Erosion Pillar Two Model Rules ('GloBE rules') apply to multinational enterprise (MNE) groups with total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

In line with the requirements of GloBE rules, the Kingdom of Bahrain has issued and enacted Decree Law No. (11) of 2024 ('Bahrain DMTT law') on 1 September 2024 introducing a domestic minimum top-up tax ("DMTT") of up to 15% on the taxable income of the Bahrain resident entities of the Group for fiscal years commencing on or after 1 January 2025.

As per the Company's assessment, it has concluded that it is not in scope for the Bahrain DMTT law or the GloBE rules as it is not a MNE group as it only operates in Bahrain and/or it does not have total annual consolidated revenue exceeding EUR 750 million in at least two of the four preceding fiscal years.

Accordingly, the Company is not subject to the Bahrain DMTT law and GloBE rules for the current and next fiscal year.

26 SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and services and has three reportable operating segments, as follows:

- Hotel operations - Room rental, food and beverage sales, conferences and events.
- Real estate operations - Management of rented offices and commercial property.
- Investments and corporate - Investment activities of the Company and head office expenses.

Notes of the Financial Statements (continued)

For the year ended 31 December 2025

Bahraini Dinars

26 SEGMENT INFORMATION (continued)

Segment assets include all operating assets used by a segment and consist primarily of property, plant and equipment, investment property, inventories, investments, trade receivables and other assets and bank balances and cash. Whilst the majority of the assets can be directly attributed to individual business segments, the carrying amounts of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

Segment liabilities include all operating liabilities and consist primarily of trade and other payables and employees' end of service benefits. Whilst the majority of the liabilities can be directly attributed to individual business segments, the carrying amount of certain liabilities used jointly by two or more segments are allocated to the segments on a reasonable basis.

The following table presents the details of segmental operating results for the years ended 31 December 2025 and 2024:

31 December	Hotel operations		Real estate operations		Investments and corporate		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Hotel services revenue	6,766,095	6,592,908	-	-	-	-	6,766,095	6,592,908
Rental revenue	-	-	1,724,125	1,704,677	-	-	1,724,125	1,704,677
Operating costs	(4,687,366)	(4,632,217)	(417,343)	(342,997)	-	-	(5,104,709)	(4,975,214)
Gross profit	2,078,729	1,960,691	1,306,782	1,361,680	-	-	3,385,511	3,322,371
Investment income*	-	-	-	-	2,676,889	2,565,172	2,676,889	2,565,172
Other income	-	-	-	-	28,897	14,565	28,897	14,565
Depreciation	(1,543,736)	(1,320,745)	(796,943)	(829,564)	-	-	(2,340,679)	(2,150,309)
General and administration expenses	-	-	-	-	(676,639)	(752,372)	(676,639)	(752,372)
Profit for the year	534,993	639,946	509,839	532,116	2,029,147	1,827,365	3,073,979	2,999,427

*Including share of profit of associate, dividend income, interest income and change in fair value of investments at fair value through profit or loss.

The following table presents the details of segmental assets and liabilities as at 31 December 2025 and 2024:

31 December	Hotel operations		Real estate operations		Investments and corporate		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Total assets	37,080,576	34,998,060	26,778,825	29,540,961	22,133,638	20,026,731	85,993,039	84,565,752
Total liabilities	1,607,673	1,578,846	65,790	60,259	479,924	612,451	2,153,387	2,251,556

Corporate Governance Report

For the year ended 31 December 2025

1. Actions taken to complete the Corporate Governance Code

The Corporate Governance Code issued by the Ministry of Industry & Commerce forms the cornerstone that the National Hotels Company BSC (the "Company") adopts in conducting its daily commercial transactions, while adhering to the laws of the Kingdom of Bahrain

The Corporate Governance Code governs the relationship between the Company and its shareholders, Board of Directors, Executive Management, Employees and other parties (such as customers, legal bodies, suppliers and all individuals or corporates with whom the company transacts).

Implementing astute corporate governance is an important component of the company's construct and hence the Company ensures that all the transactions with all involved parties are conducted in a responsible and safe manner at all times.

In addition, and in an effort to make the Company's shares an attractive investment option for the existing shareholders and new investors alike, the Company adopts a clear and transparent communication with all of its shareholders at all times.

In doing so, the Company's management periodically announces the results of its operations transparently and accurately in line with the requirement of the Corporate Governance Code and International Accounting Standards, in addition to the prevailing laws of the Kingdom of Bahrain.

Further to the above, the Company complies with the requirement of the Corporate Governance Code and ensures compliance with best international practices.

This report reflects in a clear and transparent manner the Company's compliance with and implementation of the Corporate Governance Code content for the financial year 2025.

2. Dealings of the Directors and their relatives in the Company's Shares

In September 2025, Mr. Meshari Z. Al Khaled an independent board member of the Company, has acquired 1,962,840 shares of the Company. The transaction was duly notified to the involved regulatory authorities at the time, and subsequent disclosures have been made. No other dealings have occurred during the year.

3. Composition of the Board

A. Current Board of Directors Composition:

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
1	Faisal Ahmed Al Zayani	Independent / non-executive	<ul style="list-style-type: none"> Businessman with experience of more than 50 years. PhD in Administration & Organization. Chairman - National Hotels Company B.S.C. Chairman & Managing Director - Gulf Plastic Industries W.L.L. Chairman & Managing Director - Zayani Computer Systems. 	30/4/1983	26/3/2026	NIL	NIL

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

A. Current Board of Directors Composition (continued):

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
2	Adel Nuhaba Hamada	Non-executive	<ul style="list-style-type: none"> Has extensive experience in Business Management. Held several positions in the Presidential Positions including General Manager of Yousif Mohammed Al Shaya Group, Director of Financial Affairs, Director of Purchasing and Warehousing Department, Director of Internal Audit Department, General Revenue Controller and Head of Cost and Budget Accounts at various periods in Kuwait Public Transport Company. Held the position of Senior Accountant at Kuwait Real Estate Investment Group. Holds a Bachelor of Commerce degree from the University of Kuwait and a Master's degree in management and management accounting from Kens College of Business, London. 	28/3/2018	26/3/2026	NIL	NIL
3	AbdulAziz Abdullah Alisa	Non-executive	<ul style="list-style-type: none"> Currently serving as the Executive Director of Legal Affairs and Secretary of the Board of Directors of the Social Insurance Authority. Holds a Basic Supervision Diploma from the University of Bahrain and a Bachelor of Law from the University of Beirut. 	29/3/2013	26/3/2025	NIL	NIL

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

A. Current Board of Directors Composition (continued):

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
4	Abdulrahman Ali Marshad	Independent / non-executive	<ul style="list-style-type: none"> Holds a Bachelors degree from Damascus University - Faculty of Arts (English). Joined several specialized courses for business administration in the Kingdom of Bahrain and the United Kingdom. One of the first Bahrainis to join the Hotel Business since 1979 Joined National Hotels Company - The Diplomat Hotel in 1979 and become its CEO for more than 10 years. Elected to be a head of the first executive committee for a grouping of 5-Star Hotels in the Kingdom of Bahrain and served for 16 years. Appointed as a member of the Board of Trustees of the school of catering and hotel management. Appointed as a board member of the first qualitative training council in the catering and hotel sector, then as the chairman of the board for more than 15 years. Appointed as a member of a national committee assigned by the economic development board in the Kingdom of Bahrain to develop the national strategic plan for the development of the tourism sector in the Kingdom of Bahrain. 	28/3/2019	26/3/2026	NIL	NIL

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

A. Current Board of Directors Composition (continued):

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
5	Meshari Zaid Al Khalid	Independent / non-executive	<ul style="list-style-type: none"> Currently serving General Manager of Al-Khalid International Group, Kuwait. Has extensive experience in the Business Management. Held several key positions, including: a General Manager of the Kuwait Real Estate Investment Group, Chairman and Managing Director of Safat Real Estate Company, Executive Committee member of the Egyptian Gulf Bank and the Kuwait-Egypt Investment Company. Holds a Bachelor's Degree in Commerce from the college of Business Administration, Cairo University. 	27/3/2002	26/3/2026	NIL	NIL
6	Shehab Ahmed Haji	Non-executive	<ul style="list-style-type: none"> Currently works as an investment manager in the General Reserve Sector at the Kuwait Investment Authority. Held several positions in various banking fields, most notably the position of Relationship Officer at Gulf Bank in Kuwait. Holds a Bachelor's Degree in financing and management of financial institutions - the College of Administrative Sciences from the University of Kuwait. 	28/3/2018	26/3/2026	NIL	NIL

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

A. Current Board of Directors Composition (continued):

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
7	Abdulla Sulaiman Alnaserallah	Non-executive	<ul style="list-style-type: none"> Currently serving as Head of Local GCC Funds (Equities) of Asset Management at the Kuwait Investment Company. Held the position Manager of Asset Management at Gulf Invest International Company. Holds a Bachelor's Degree of Science in Business Administration- Finance - University of Kuwait. 	28/3/2024	26/3/2026	NIL	NIL
8	Abdulla Jasim Al ahmed	Non-executive	<ul style="list-style-type: none"> Currently serving as an Associate Director within the Investment Department at Osool Asset Management. Holds a MBA degree with a specialization in finance (with honors) from AMA International University-Bahrain. Holds a Bachelor's Degree in Business Informatics (with honors) from AMA International University-Bahrain. 	28/3/2024	26/3/2026	NIL	NIL
9	Ghazi Qais Al Nisf	Non-executive	<ul style="list-style-type: none"> currently serving as Vice President of the Local and Arab Portfolios Department at the Kuwait Investment Company. He held several positions and progressed in his career at Kuwait Investment company from 2008 - 2023 Board Director in the economic policy committee of the Union of Investment Companies. Holds a Bachelor of business and administration (Finance) from Kuwait University. 	27/3/2025	26/3/2026	NIL	NIL

B. The board comprises of 9 members, all of whom are male. Female representation on the Board is 0% as of year-end.

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

C. Description of the following:

- The directors' remuneration for the past year (2024) was BD 262,125.
- The total directors' remuneration proposed for the current year (2025) is BD 269,500, which will be presented at the Annual General Meeting for approval.
- The following is a list of the committee attendance fees of the respective directors for the financial year 2025:

Executive Committee:

No.	Name	Committee Attendance Fees	
		(in BD)	Number of meetings
1	Abdulaziz Abdullah Alisa Director	750 /-	5
2	Adel Nuhaba Hamada	750 /-	5
3	Shehab Ahmed Haji	750 /-	5
4	Abdullah Jasim Alahmed	750 /-	5
5	Emad Ahmed Tifouni*	750 /-	1
6	Ghazi Qais Al Nisf*	750 /-	4

* Committee member replaced by newly appointed director at the AGM held on 27th March 2025.

Audit & Corporate Governance Committee:

No.	Name	Committee Attendance Fees	
		(in BD)	Number of meetings
1	Abdulrahman Ali Marshad	750 /-	5
2	Meshari Zaid Al Khalid	750 /-	5
3	Abdullah Sulaiman Alnaserallah	750 /-	5

* Committee member resigned from this post after the committee was restructured in March 2025.

Nomination & Remuneration Committee:

No.	Name	Committee Attendance Fees	
		(in BD)	Number of meetings
1	Faisal Ahmed Al Zayani	750 /-	2
2	Adel Nuhaba Hamada	750 /-	2
3	Meshari Zaid Al Khalid	750 /-	2

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

D. Meetings of the Board of Directors:

In accordance with the Company's Articles of Association, the Company is required to hold at least four Board meetings annually. During the year ended 31 December 2025, the Board of Directors of the Company held five meetings to follow up on its activities and to direct the Executive Management. The following table summarizes the information about the dates and member attendance of those meetings.

Board of Directors Meeting Schedule:

Meeting Number	Date of Invitation	Date of the meeting	Attendance	Number of Absence
1	30/1/2025	20/2/2025	9	-
2	6/4/2025	24/4/2025	9	-
3	10/7/2025	31/7/2025	8	1
4	9/10/2025	30/10/2025	9	-
5	30/11/2025	11/12/2025	9	-

E. Duties or competences carried out on its behalf by the Executive Management:

There were no Board of Directors specific tasks or assignments that have been carried out by the Executive Management, based on the basis of a mandate from the Board.

F. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction

Related parties represent the associated company, major shareholders, directors and key management personnel of the Company, the operator of the hotel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors. The following table shows the transactions made with related parties during the year, indicating the nature of the relationship and the type of deal.

Transactions with related parties included in the statement of profit or loss are as follows:

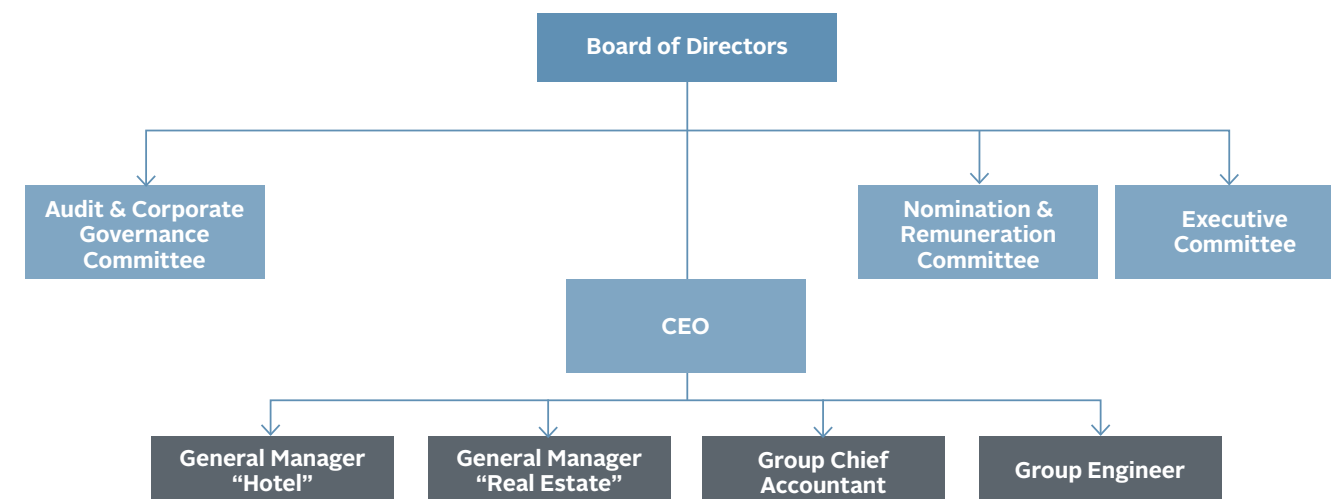
Related parties	Rental Revenue and Other Income	Fees for Management services	Purchases	Other expenses
Bahraini Dinar				
Shareholder	600,276	15,191	-	-
Associate Company	4,724	-	111,988	-
Hotel Management (Radisson Hotels Group)	-	135,051	-	79,613
Directors	2,894	-	-	388,166
Total	607,894	150,242	111,988	467,779

Corporate Governance Report (continued)

For the year ended 31 December 2025

3. Composition of the Board (continued)

G. Organizational structure highlighting the Company's first and second tier of the executive management



H. Total remunerations paid to the executive management during the financial year (2025) amounted to BD 335,177/-.

4. External Auditor

Upon a recommendation from the Board of Directors, the Ordinary General Assembly at its meeting held on 27/3/2025 appointed Ms. "Ernst & Young" as the external auditor of the Company for the financial year ended 31/12/2025, at an agreed fee of BD 16,000, which includes the review of quarterly data for the period.

Ms. "Ernst & Young" have been the external auditor of the company since 2025. The external auditor has submitted an unqualified opinion for the year 2025 to the Board of Directors, which will be presented at the Ordinary General Assembly to be held on 26/3/2026.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), the Commercial Companies Law of the Kingdom of Bahrain and the directives and regulations issued by the Central Bank of Bahrain.

The table below highlights the External Auditor's details:

Name of Audit firm	Ernst & Young
Years of service as the company's external auditor	1 year
The partner in charge of the company's audit	Mr. Kazim Merchant
Total audit fees for the financial statements for the year 2025	BD 16,000/-
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2025.	BD 3,000/-

Corporate Governance Report (continued)

For the year ended 31 December 2025

5. Audit & Corporate Governance Committee

The role of the Audit & Corporate Governance Committee is to advise on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Company. The Audit & Corporate Governance Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at the Company's expense, such legal, accounting or other advisers, consultants or experts, as it considers necessary from time to time in the performance of its duties. The Committee held five meetings during the year, and the following table highlights the details and the attendance of the committee members for these meetings.

No.	Name	Position	Number of meetings attended	Dates of meetings held				
				19/2/2025	23/4/2025	30/7/2025	29/10/2025	10/12/2025
1	Abdulrahman Ali Marshad	Chairman	5	✓	✓	✓	✓	✓
2	Meshari Zaid Al Khalid	Member	5	✓	✓	✓	✓	✓
3	Abdullah Sulaiman Alnaserallah	Member	5	✓	✓	✓	✓	✓

6. Nomination and Remuneration Committee (NRC)

No.	Name	Position	Number of meetings attended	Dates of meetings held	
				22/2/2025	12/12/2025
1	Faisal Ahmed Al Zayani	Chairman	2	✓	✓
2	Adel Nuhaba Hamada	Member	2	✓	✓
3	Meshari Zaid Al Khalid	Member	2	✓	✓

7. Corporate Governance Officer

The Board of Directors has assigned the role of Corporate Governance Officer to the Chief Executive Officer since joining the Company in 2019. The following is the resume of the Corporate Governance Officer:

Mr. Zaher Mohammed Al-Ajjawi has held many key positions during his professional career mainly in the field of accounting, finance and banking. Through his work in international organizations in the United States, the United Kingdom and the UAE, he has acquired many executive and operational skills in banking, investment and real estate sectors. In addition, he has represented a number of companies on the boards and committees of several companies, banks and funds, which gained him considerable experience in the field of corporate governance. Mr. Zaher has participated in many investment conferences and international trade forums, and has attended several training and professional courses, including a project management plan course (PMP) and financial analysis.

Mr. Al Ajjawi holds a Certificate in Corporate Governance from The Wharton School, University of Pennsylvania. He also holds a Master's degree in Finance (with Honors) from DePaul University in the USA and a Bachelors of science in Accounting (with Honors) from the University of Bahrain. He is also a Certified Public Accountant (CPA) from the State of Illinois, USA.

Mr. Zaher can be contacted on the following numbers: 17530838 / 17530839 or e-mail: zalajjawi@nhcbahrain.com.

8. Irregularities committed during the Financial Year

No irregularities have been committed during the financial year 2025.

Corporate Governance Report (continued)

For the year ended 31 December 2025

9. Cash and in-kind contributions to Charities & National Establishments

The Company provides many contributions to different authorised charities and national establishments. Total contribution provided during 2025 amounted to BD 60,000. The Company maintains the details of these donations and details of the receiving parties within its records. In addition, and as part of its commitment to the society, the Company offers several in-kind contributions (such as Complementary Vouchers, Discounted Venue Rates, etc) to local charities and national establishments as part of its business operations.

10. Shareholders Information

A. The following table presents the Company's shareholder distribution by type of shareholder as of 31 December 2025:

No.	Shareholder classification	Shareholding %			Total
		Individuals	Corporate	Government or Organisations	
1	Local	9.51%	2.67%	32.15%	44.33%
2	Arab	0.21%	1.67%	53.78%	55.66%
3	Foreign	0.01%	-	-	0.01%
	Total	9.73%	4.34%	85.93%	100%

B. The following table highlights the shareholders with a holding of 5% or more in the Company's share capital, with the name of the natural person / owner of the stock / final beneficiary, as of 31 December 2025:

No.	Name	No. of shares held	Shareholding %	Name of the natural person, the final beneficiary
1	Kuwait Investment Authority	39,827,884	32.84%	Government of Kuwait
2	Social Insurance Organisation	38,989,471	32.15 %	Government of the Kingdom of Bahrain
3	Kuwait Investment Company	25,399,330	20.94 %	Government of Kuwait

C. The following table highlights the shareholder distribution by size of ownership as of 31 December 2025:

No.	Distribution of ownership Stock	Number of shareholders	Number of shares owned	Percentage of shares owned by the capital
1	>50,000	3,699	3,058,117	2.53%
2	50,000 to 500,000	24	4,149,147	3.42%
3	500,000 to 5,000,000	9	9,851,051	8.12%
4	<5,000,000	3	104,216,685	85.93%
	Total	3,735	121,275,000	100.00%

D. Significant events that occurred during the year 2025:
Nil.

Corporate Governance Report (continued)

For the year ended 31 December 2025

11. Compliance with the provisions of Corporate Governance Code

Principle	Non-compliant	Partially Compliant	Fully compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.			✓	
Principle 2: The directors and executive management shall have full loyalty to the Company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and financial reporting, Internal control and compliance with law.			✓	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.			✓	No formal Board of Director training had been conducted during the year. Nevertheless, several workshops and discussions of timely Sector and Corporate Governance / ESG topics were convened during the respective committee and board meetings.
Principle 5: The Company remunerate directors and senior officers fairly and responsibly.			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.			✓	
Principle 9: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	
Principle 10: The Company shall seek, through social responsibility, to exercise its role as a good citizen.			✓	

12. Any other disclosures required by the regulatory authorities

There were no other disclosures required by the regulatory authorities worth highlighting for the year.